

HYDROPOWER FEASIBILITY STUDY GRANT - \$100,000

Cooney Dam; Tongue River Dam; and Painted Rocks Dam

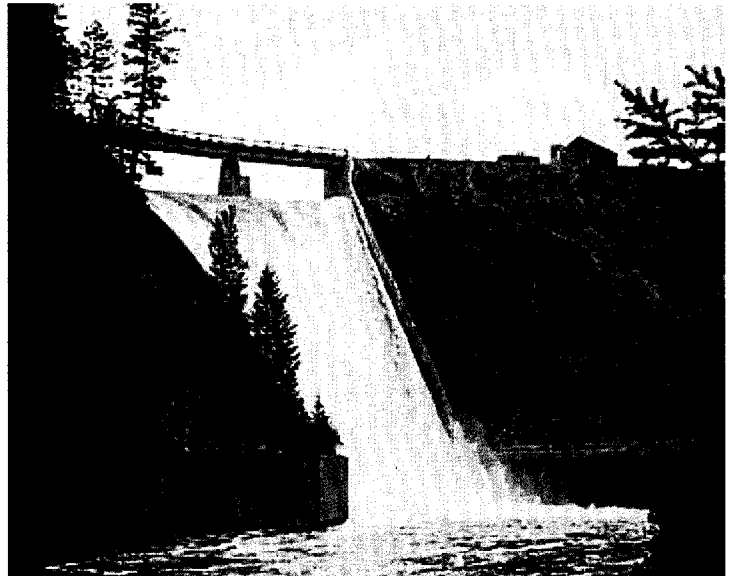
(Possible turbine generation potential @ these three sites is approximately 12 to 15MW; @ full production, enough power to support 9,500 to 12,000 households. At 60% Operational Efficiency – Approx 6,500 households served).

Issues supporting funding of the grant:

- New hydropower generation on existing dams is a 100% renewable resource with minimal environmental impacts. If projects are feasible, i.e., profitable, the State is literally losing money by not taking advantage of existing infrastructure.
- Renewable or clean energy is demanding higher premiums in the market. The South West US and West Coast energy markets are driving costs and in turn increasing the likelihood that our projects are feasible.
- These projects would be small hydropower units. Disturbance to the existing environment and historical river flows would be minimal, while existing users would not be affected.
- As these projects would be regulated by the Federal Energy Regulatory Commission (FERC), the first **required** step after obtaining a preliminary permit is to conduct feasibility studies on each project. The State has been awarded preliminary permits for Cooney, Tongue, and Ruby projects. We have not yet applied for a permit on the Painted Rocks Project, as it was not needed to protect our interests.
- MCA Title 85 Chapter 1, Part 5 requires DNRC to periodically review our projects for constructing hydropower facilities on them as energy rates increase. We believe these four projects have the highest potential for cost effective hydropower development.
- Most of the State's water storage projects are over 70 years old and are in various states of disrepair. Our current construction fiscal liability for rehabilitation and repair efforts on these water storage projects (24 dams and 250 miles of canals) is approximately \$70,000,000. We are researching alternate sources of funding to pay for this fiscal liability, including revenues from new hydropower development on state-owned dams. Assuming that these projects are feasible, the net proceeds from the sale of power would go directly back into the economy in the form of rehabilitation efforts on state-owned projects.
- If we can profitably develop hydropower on any of these projects, the revenue they generate will provide additional funds for project repairs and rehabilitation efforts, directly reducing the State's liability. Maintaining and rehabilitating these state-owned projects is critical. The costs associated with a catastrophic failure, both in lives lost and economic losses will likely far outweigh any amount of money spent on rehabilitation efforts.



Cooney Dam (Carbon County)



Painted Rocks Dam (Ravalli County)



Tongue River Dam (Big Horn County)